

Message Text

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ORIGIN AGRE-00

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FM SECSTATE WASHDC
TO AMEMBASSY DACCA

UNCLAS STATE 120271

E.O. 11652: N/A

TAGS: BG

SUBJECT:

REF: DACCA 2562

1. SEVERAL MONTHS AGO USDA DECIDED THAT PURCHASE AUTHORIZATIONS FOR ALL PARTICIPATING COUNTRIES WOULD CONTAIN A REQUIREMENT THAT U.S. FLAG VESSELS BE CONTRACTED BASIS GUARANTEED RATES OF LOAD AND DISCHARGE WITH DEMURRAGE AND DESPATCH AT LOAD AND DISCHARGE PORTS. UNDER THESE CONDITIONS, LOADING IS FOR ACCOUNT OF VESSEL WHILE DISCHARGING COSTS FROM VESSEL AND/OR LIGHTENING VESSELS IS FOR ACCOUNT RECEIVER AT DISCHARGE BERTH. COST OF LIGHTENING VESSELS IS FOR ACCOUNT VESSEL OWNER IF VESSEL CANNOT REACH DISCHARGE BERTH. THESE TERMS ARE GENERALLY DESCRIBED AS VESSEL LOAD/FREE OUT.

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2. WE BELIEVE THAT THE NEW PA REQUIREMENT WILL BRING ABOUT DOLLAR SAVINGS TO THE U.S. GOVERNMENT AND TO GOB. UNDER BASIS DEMURRAGE/DESPATCH BOTH ENDS PARTICIPANT CAN REDUCE TRANSPORTATION COSTS BY SCHEDULING VESSEL ARRIVALS IN AN ORDERLY MANNER WHICH WILL PROMOTE QUICK DISCHARGE AND RESULT IN DESPATCH EARNINGS.

3. WHEN VESSEL OWNERS MUST CONTRACT WITHOUT GUARANTEED RATES OF LOAD AND DISCHARGE AND WITHOUT DEMURRAGE/DESPATCH BOTH ENDS, THE FREIGHT RATE IS GENERALLY INCREASED TO COMPENSATE FOR ANTICIPATED VESSEL DELAYS. FOR EXAMPLE, A NON-U.S. FLAG VESSEL MAY INCREASE FREIGHT RATE BY DOLS 1.00 PER TON WHILE A U.S. FLAG VESSEL MAY ADD IN EXCESS OF DOLS 3.00 PER TON TO FREIGHT RATE. THIS RESULTS IN USDA-CCC REIMBURSING EXCESSIVE OCEAN FREIGHT DIFFERENTIAL. IN EFFECT, THIS WOULD AMOUNT TO REIMBURSEMENT OF VESSEL DEMURRAGE COSTS WHICH IS PROHIBITED BY PL 480, TITLE I REGULATIONS.

4. WITH THE EXCEPTION OF PUBLISHED LINER RATES, WHICH ARE NOT NEGOTIABLE, U.S. FLAG VESSELS ARE NOW BEING CONTRACTED BY PL 480, TITLE I PARTICIPANTS ON BASIS VESSEL LOAD/FREE OUT (LIGHTENING FOR ACCOUNT OWNER) WITH DEMURRAGE AND DESPATCH AT LOAD AND DISCHARGE UNLESS BECAUSE OF EXTENUATING CIRCUMSTANCES IT IS EVIDENT GROSS LOAD/GROSS DISCHARGE WOULD BE CHEAPER. VESSELS ARE NOT CONTRACTED BASIS FREE-IN AS PER PARAGRAPH 1 REFTTEL.

5. FYI VANTAGE DEFENDER (U.S. FLAG) CARRYING ABOUT 54,000 TONS ETA CHITTAGONG NOW ESTIMATED JULY 10. SEPTTEL WILL PROVIDE ETA CHITTAGONG OF OTHER VESSELS FIXED PA BG-7028. VANCE

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